C1&4
C2710-4

Advertising Age®

Entire contents copyright 1984 by Crain Communications Inc. All rights reserved.

$1.25 a copy; $52 a year | The International Newspaper of Marketing | Thursday, June 7, 1984

New spots for Atari—focusing on data-sending capabilities—again feature the familiar Alan Alda.

Computers borrow on past

By BRIAN MORAN and BOB MARICH

CHICAGO—Two major home computer marketers, geared up with plans for heavy advertising support, unveiled "new" machines this week that clearly smacked of something old.

Commodore Business Machines and Coleco Industries displayed the two computers—overhauled versions of unsuccessful products—at the summer Consumer Electronics Show here. A third major computer, from Atari, was discussed but not shown before the 90,000 people attending the four-day show, which ended June 6; Atari is not expected to ship its machine until the Christmas season.

The reformulated Commodore and Coleco entries, the most significant new computers at the show, indicate that the once-frantic pace of product introduction in the home computer industry has settled down.

West Chester, Pa.-based Commodore, the home computer industry leader, mounted a lavish exhibit at the show to announce its Plus/4 computer, essen-

(Continued on Page 37)

Helene Curtis carries Atune in haircare

By PAT SLOAN

Helene Curtis Industries, making yet another entry in the new-product-filled haircare market, is preparing a national introduction in August of a line called Atune.

The line—comprising shampoo, conditioner and aerosol and non-aerosol hair spray—will join Curtis' established Finesse and a host of relatively new products.

Retail sources said Chicago-based Curtis will support Atune, aimed at women aged 30 to 50 with permed and color-treated hair, with $13.5 million in tv advertising, about $4.5 million in print and $30 million in promotions.

A spokesman for Helene Curtis declined to comment on Atune, and it is unclear which agency will handle the product. Executives at Backer & Spielvogel, which handles Finesse, said they do not have the Atune account.

The higher-price Atune—in the $3 to $4 range—is coming at a time when shares of low-end products are declining.

The "plethora of new-product launches" and the "quantity of promotional merchandise" that has accompanied them are taking their toll on that end of the market, said Diana Temple, an analyst with Salomon Bros.

She pointed out that food-store dollar shares for Curtis' economy-price Suave dropped from about 8.9% at the end of 1983 to 7.2% in March of this year.

At the same time, the more pricy Finesse had a 4.4% dollar share in food stores at the end of March, down only slightly from a 4.8% share in December.

Revlon's Flex, another less expensive brand, also declined in share from 6.2% to 5.2% in food-store sales.

The new entries that Atune will face include direct competition from Perma Soft, another line aimed at women with permed hair. The brand, marketed by Minneapolis-based La Maur, is also in the higher-price range.

Other recently introduced products are Johnson & Johnson's Affinity, Revlon's Hair's Daily Requirement, Lever Brothers' Dimension and Andrew Jergens' Squeek.

A recent study by Fairfield, N.J.-based Charles H. Kline & Co. noted that lines like Perma Soft, Affinity and Squeek—each targeted toward a specific population segment—dominated new-product activity in 1983 and can be expected to do so for the next few years. "Segmenting of products

(Continued on Page 39)

DYR extends Far East reach

By DENNIS CHASE

DYR, the joint venture between Dentsu and Young & Rubicam, will announce tomorrow that it is opening new offices in Hong Kong and Singapore. The agency will accomplish this by taking over its parents' offices there.

The offices will open on July 1 with $21 million in billings from Y&R's Hong Kong agency and more than $12 million from Y&R in Singapore.

Dentsu will not reveal its billings in those locations, but a news release claims that, after the consolidation, "DYR will rank among the top three agencies in these markets." DYR billed $220 million worldwide last year.

The agency also plans to open an office from scratch in Australia before the end of the year and possibly others in Thailand and Germany—DYR's first in Europe—after that.

"We're moving faster than any agency I know of," says Alexander Brody, president and chief executive officer of DYR, which currently has offices in New York, Los Angeles, Tokyo and Kuala Lumpur.

The new agency will inherit Y&R's clients in Hong Kong and Singapore. They include Du Pont in both Hong Kong and Singapore; also in Hong Kong, Colgate-Palmolive, Johnson & Johnson, Hong Kong Tourist, Richardson-Vicks, Westin Hotel group and Time, and in Singapore, Eastman Kodak.

It also will inherit Dentsu's in-

(Continued on Page 39)

Tanner Co. used sex, cash bribes: Lipton

By NANCY GIGES and GAY JERVEY

Two former employes of Thomas J. Lipton Inc. allegedly funneled thousands of dollars in payoffs from the former William B. Tanner Co. into a pair of sham consulting companies, Media Counselors Ltd. and East Shore Marketing Inc.

The payoffs, according to Lipton, allegedly ran from cash to sexual favors to exotic birds.

Fresh details about the Tanner scandal, which rocked the world of media barter services last summer (AA, Aug. 15, *et seq.*), are starting to emerge now that Lipton has brought what is apparently the first lawsuit in the affair.

In legal papers on file in the Newark, N.J., federal district court, Englewood Cliffs, N.J.-based Lipton alleged that Tanner showered gifts on Norman Osborn, former director of Lipton's media department, and Stuart Kaufman, former media manager and Mr. Osborn's assistant.

According to the lawsuit, the list of illegal payments included "cash, automobiles, trips, the favors of women and other gifts" in return for using Tanner's media barter services.

The bribes and kickbacks began prior to 1975 and continued through 1982, Lipton charged. Also named as a defendant was Media General Broadcast Services, Tanner's corporate name since its '82

(Continued on Page 39)

Time limit stymies VOA research bids

By DAVID SNYDER

WASHINGTON—After a 20-year hiatus, the Voice of America is preparing to resume broadcasts to Western Europe, but U.S. market research companies say it has allowed so little lead time on its audience research contract they are unable to submit credible proposals.

Funding for the resumption of English-language programing to Western Europe has been approved by Congress in this year's United States Information Agency budget.

Forty years after the D-Day invasion, USIA will try to cultivate relationships with a new generation of Europeans.

The agency's request for audience research assistance noted that Western Europeans already have access to a wide variety of private and government media. Given this environment, it said, VOA's European success will depend on effective use of modern program-oriented research and marketing techniques.

Invitations to bid on the negotiated contract were published April 30, with a 30-day deadline. At deadline for bids, several major organizations confirmed they are nonbidders despite strong interest.

Large agencies and research companies, including the Gallup Organization, J. Walter Thompson USA and Needham Porter Novelli, an affiliate of Needham, Harper & Steers/USA, say they found the 30-day lead time unrealistic for a proposal covering seven countries from the U.K. to Norway.

Some said they requested an extension but were unsuccessful. "We wanted to bid on the project, but in such a short time we couldn't have done a credible job" said Gallup Organization president An-

(Continued on Page 39)

Paddington reaches for Pepsi exec

By GAY JERVEY

Paddington Corp., the importer of Baileys Original Irish Cream and J&B scotch, has named a Pepsi-Cola Co. executive as its new vp-marketing, the first step in a plan to double Paddington's U.S. sales in the next five years.

Chuck Nardizzi—an 11-year Pepsi alumnus who previously worked on package goods accounts at Young & Rubicam—was Pepsi's director of consumer promotions. He will join his former colleague, Peter Thompson, a onetime top Pepsi executive who six months ago became Paddington's exec vp-chief operating officer. Mr. Nardizzi's new position has been vacant since early this year when Robert Suhr left the company.

In addition to hiring executives with package-goods-marketing expertise—a growing trend among distilled-spirits companies—Paddington will accelerate new-prod-

(Continued on Page 39)

Reagan pitches reform
to
AA
DC 20014CONGLI FMJE M
CONGRESSIONAL INFO SERVICE
SRI ACQUISITIONS
4520 EAST-WEST HWY #800
WASHINGTON DC 20014

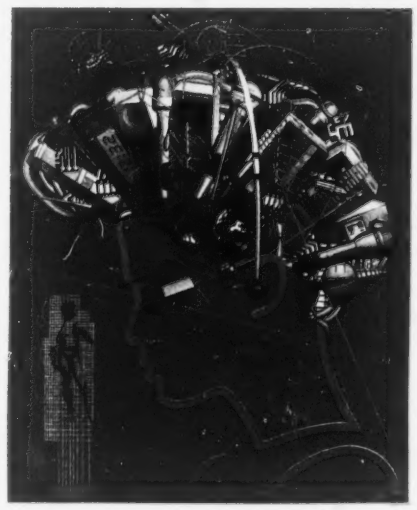
Advertising Age
Magazine
June 7, 1984

8 Personal computer marketing goes global
The world market for personal computers offers up a few surprises and forces flexibility in advertising in the different countries.

10 Three waste no time on fast track
Three young achievers in the advertising-marketing business have thrown themselves head first into their careers and have rapid advancement to show for it.

Special Report

Consumer Electronics



15 New technologies grab for consumer attention
The consumer electronics industry is in the midst of an unprecedented buying frenzy that has most marketers smiling and pushing even more new products.

16 Software putting computers to work
Software designed for use on the home computer is changing to reflect shifts in the whole consumer electronics industry. Productivity is joining entertainment as important functions for the home computer.

24 Personal robots ready to lend a helping hand
Personal robots are expected to represent a more than $2 billion market by 1990. The droids will help around the house, play with the children and more.

33 Tv sets wising up with innovations
Within five years, almost all new tv sets will be stereo-capable and computer-smart.

Consumer Electronics report coordinator: Cecelia Reed
Illustration above: John Rush

DEPARTMENTS

6 James Brady
6 Words from Gartner
12 Strategic Marketing
12 Parting Shot

To our readers

In writing today's lead Magazine article on the challenges of marketing personal computers internationally, Daniel Burstein was aided by reports from Ad Vertising Age correspondents around the world. Among the most intriguing of these—and one worth a bit more space than we were able to give it in Dan's article—is that filed by Laurel Wentz, who covers Latin America and is based in Sao Paulo.

Laurel, who joined Ad Age as a fulltime correspondent in 1982 after having been a South American stringer for McGraw-Hill World News and *Time* magazine, confined her report to Brazil—but that Latin giant is a story in itself.

Consider, for example, that personal computer sales in Brazil have grown from 240 units in 1981 to an estimated 188,000 this year. That's only part of the tale, though. We'll let Laurel tell it:

"At first glance, Apple appears to have cornered Brazil's fledgling personal computer market with models called Apple II Plus, Appletronica, Elppa [Apple spelled backward] and a profusion of familiar six-color Apple-like logos. They are all ripoffs.

"Brazilian law bans multinationals from producing mini and microcomputers, leaving a product area that is growing rapidly to local companies with little, if any, technology of their own."

Laurel goes on to quote a Brazilian journalist who edits a computer publication: "Most personal computers are copies of Radio Shack, Apple or Sinclair models, and IBM's PC is beginning to be copied. They [the manufacturers] buy a computer abroad, open it up and make a copy, not as good as the original. It's scandalous."

Scandalous or no, ripoffs of American personal computers are prevalent not just in Brazil, but in other parts of the world too, among them Hong Kong, as Dan Burstein points out in today's article.

But taking a Pollyanna viewpoint, one might even find some good in this rather nefarious activity: To wit, isn't it nice to know that there are still made-in-American products that others *want* to copy?

Robert Goldsborough
Executive Editor

Letters

Videotex here to stay?

Rance Crain's column "Videotex: 2-way ticket to nowhere" (Parting Shot, May 10) was insightful, but (understandably) missed one of the most obvious truths about Viewtron known to most local observers: Viewtron's advertising stinks!

While most of Viewtron's (currently 980) subscribers agree the database is excellent, Viewtron's advertising is uninspired, vague and confusing. Its first slogan, "The waiting is over," was put aside when it was realized that, videotex being so new, nobody was actually waiting around for it. Its second slogan, "A little like a personal computer . . . but a lot more personal," evidently designed to ride the crest of the personal computer wave, instead has had the opposite effect. Informal surveys show that most South Floridians now think Viewtron *is* a personal computer and, having decided against buying one, are thus spared the trouble of looking into Viewtron as well.

Clark Nobil
Viewtron subscriber
Miami Beach

I, too, believe that videotex is much better suited to use as a business tool. But Rance Crain's comment that "if the whole package can pop upon . . . my terminal" leaves the impression that this kind of business service is not yet available.

Nothing could be further from the truth. ITT Dialcom offers a wide range of business information products. The utility and market desirability of this type of service are demonstrated by our more than 60,000 business and government users that have access to the information and who use electronic mail to distribute the data.

Of course, there are other services, too. The point is, business applications are leading the way into the general use of videotex. Business videotex is here, and demand is growing daily.

Paul D. Warren
Public relations coordinator
ITT Dialcom
Silver Spring, Md.

Rance Crain's dismissal of videotex is just the kind of criticism this burgeoning medium does not need.

In a classic chick-and-egg situation, the people at Viewtron have taken the steps to establish which comes first. By providing a complete videotex system, they have created the structural underpinnings that will allow information providers to develop programs that exploit the promise of the videotex concept.

Mr. Crain exposes a lack of current knowledge about videotex when he says, "The trouble will all these new services is that they're trying to make our lives more impersonal at the same time they're trying to make them more efficient." Many new developments in videotex are designed to increase efficiency while enhancing quality of life. Mr. Crain's remarks are classic computer phobia talk, and he only needs to take a look at the skyrocketing success of personal and home computers to realize what's happening. I for one am sorry to see the most respected journal in our industry using a "parting shot" as a cheap shot.

Glenn A. Osborn
Manager
Marketing Communications
Interior Products
Operating Division
Owens-Corning
Fiberglas Corp.
Toledo, O.

Unlikely justice?

James Brady's May 3 column, "Justice at Leavenworth" is incredible, but an announcement of the seven hangings took place at the very time of the Holocaust revelations and amidst the first "war crimes" results. Against that evil background, the story of seven hanged "Nazis" does not sound quite as unlikely.

John Weitz
New York

Brady on the Yankees

James Brady's column, "Worrying about the Yankees" (March 26) was sent to me by an advertising agency in Louisiana with which I am associated.

Like Mr. Brady, I too worry about the Yankees from time to time, but I feel confident that we will soon bounce back from this season's rocky start. I enjoyed reading his humorous recount of my fellow teammates and me, and I look forward to the day when he can write about the Yankees repeating as World Series champions.

Ron Guidry
New York Yankees
New York

Magazine

Robert G. Goldsborough
Executive Editor

Marion L. Elmquist
Editor

Geoffrey Shives
Art Director

Senior Editor: **Cecelia Reed.** *Production Manager:* **Karen Brodsky.** *Copy Editor:* **Nancy Dietz.** *Associate Editors:* **Julie Liesse-Erickson, Edward L. Fitch, Len Strazewski.** *Production Editor:* **Pat Gray Thomas.** *Assistant Editor:* **Marie T. Spadoni.** *Editorial Assistant:* **Kevin Brown.**

Advertising Age Magazine is published weekly as part of Advertising Age by Crain Communications Inc. at 740 Rush St., Chicago 60611. For advertising information, refer to the masthead carried on the last page of this issue. For subscription information, see Page 3.

Personal computer marketing goes global

By Daniel Burstein

In Japan, popular tv star Atsumi Kiyoshi, looking cool, suave and Bogartesque with the brim of a blue felt hat shadowing his eyes, told poster and door board viewers in a recent advertising campaign, "Friend, the time is ripe" (for buying an IBM 5550 personal computer). The ad was designed to bolster the notion that the machine represented the class act from America.

In Europe, however, International Business Machines is trying to overcome a problem of being perceived as "too American." Stressing that IBM is actually a "European" company, a new advertising campaign tells of IBM's large factories, research facilities and tax-paying subsidiaries within the European Economic Community.

IBM's flexible tactics in two radically different markets are surface indications of the complexities to be found in the world marketplace. Reflecting the immaturity of this young industry, global personal computer marketing is highly fragmented, full of surprises and anomalies.

Take the issue of who's on top of the worldwide sales charts. Most Americans think of IBM and Apple Computer when they think personal computer, which is logical because the two companies control more than 50% of the U.S. market. But last year, Commodore International sold as many units as IBM and Apple put together on a worldwide basis—more than 2 million. An early entrant into the international market while Apple was focusing on the U.S. and IBM hadn't developed a personal computer, Pennsylvania-based Commodore now does business in 60 countries, with sales outside the U.S. accounting for about half its total volume.

There are very important niche differences between low-end home computers (costing less than $300) used mainly for games, more powerful home computers (less than $1,000), and full-fledged business computers ($1,500 and more).

Those who casually assume the U.S. is the most computer-crazed country in the world are in for a surprise: The U.K. holds the title for most computers per capita. There is a significantly higher penetration of *home* computers in Britain (11% of British homes compared with 7% in the U.S.), although most are low-end machines such as the British-produced Sinclair, (which failed as the Timex/Sinclair in the U.S. but continues to do well in Britain after selling more than 2 million units). According to a study by Intelligent Electronics Europe, published in *Mini-Micro Systems* magazine, the European market should experience a substantial growth during the next two years *(see chart)*.

The Cupertino, Cal., market research company Infocorp provided even more revealing statistics. Breaking down information geographically into the U.S., Europe, the Pacific basin and the rest of the world, the company came up with some impressive figures for the category of home/business computers ranging from $1,000 to $6,000.

In the U.S., the number shipped in 1983 totaled 1.73 million and should rise to 7.27 million by 1988. In Europe, the figure is expected to grow from 451,000 in 1983 to 2.87 million in 1988. The Pacific basin will see an increase from 526,000 in 1983 to 985,000 in 1988. The remaining markets will experience significantly lower numbers, rising from 114,000 in 1983 to 572,000 in 1988.

In France, where the pace of product diffusion has been slow, computer marketers are desperate for tv advertising time. But because of government policies, an American computer manufacturer trying to buy a spot has to wait up to 18 months for an allocation of airtime.

In Brazil, what appears at first glance to be booming sales for Apple is actually sales of Apple ripoffs. Brazilian law bans foreign manufacturers from building and selling small computers in the country, leaving the field protected for the homegrown ripoffs of popular models. Milmar Industria E. Comercio, a local Apple imitator, openly advertises that its so-called "Apple II Plus" is "made in Brazil with all the characteristics that made its twin brother the world's most used microcomputer."

But in the British crown colony of Hong Kong, where the Golden Shopping Centre in Kowloon has served as an emporium for Apple fakes and other ripoffs built mostly in Taiwan, the supply is starting to dry up. Taiwan's government, which long has tolerated the manufacture of pirated microcomputer designs, has announced plans to curtail the Apple fakes. Meanwhile, having been brought into the computer era via low-priced counterfeit Apples, Asia has turned into a mushrooming market for state-of-the-art machines from American and Japanese manufacturers.

In South Africa and Australia, the proliferation of computer makes and models is every bit as dizzying as in the U.S. More than 250 different models are on sale in both countries. The existence of English-speaking populations in those countries allows computer software and documentation to be transported easily from the U.S. and U.K. without the costly, time-consuming adaptations that have kept all but the most successful U.S. companies out of non-English-speaking markets.

In Canada, however, Coleco Industries' willingness to bring out a bilingual (English-French) version of its Adam home computer has boosted prospects for a product that at the moment appears unsuccessful in the U.S. market.

"By adding the bilingual feature to Adam, we've not only responded to the needs of French-speaking Canadians, but we're also creating a burgeoning demand [in French-speaking countries] overseas," says Michael Richards, a Coleco sales executive in Canada.

"Every market is different," says Chris Codrington, general manager of Interco Business Consultants, a U.K. company advising American companies on the European market. "No absolutes or universal trends have yet appeared."

That situation may change soon, however. With competition heightening in the U.S. market, and with the European and Asian markets poised for major growth, look for IBM and Apple, as well as several other major players from the U.S., U.K., West Germany and Japan, to begin to focus more of their activities on international marketing efforts.

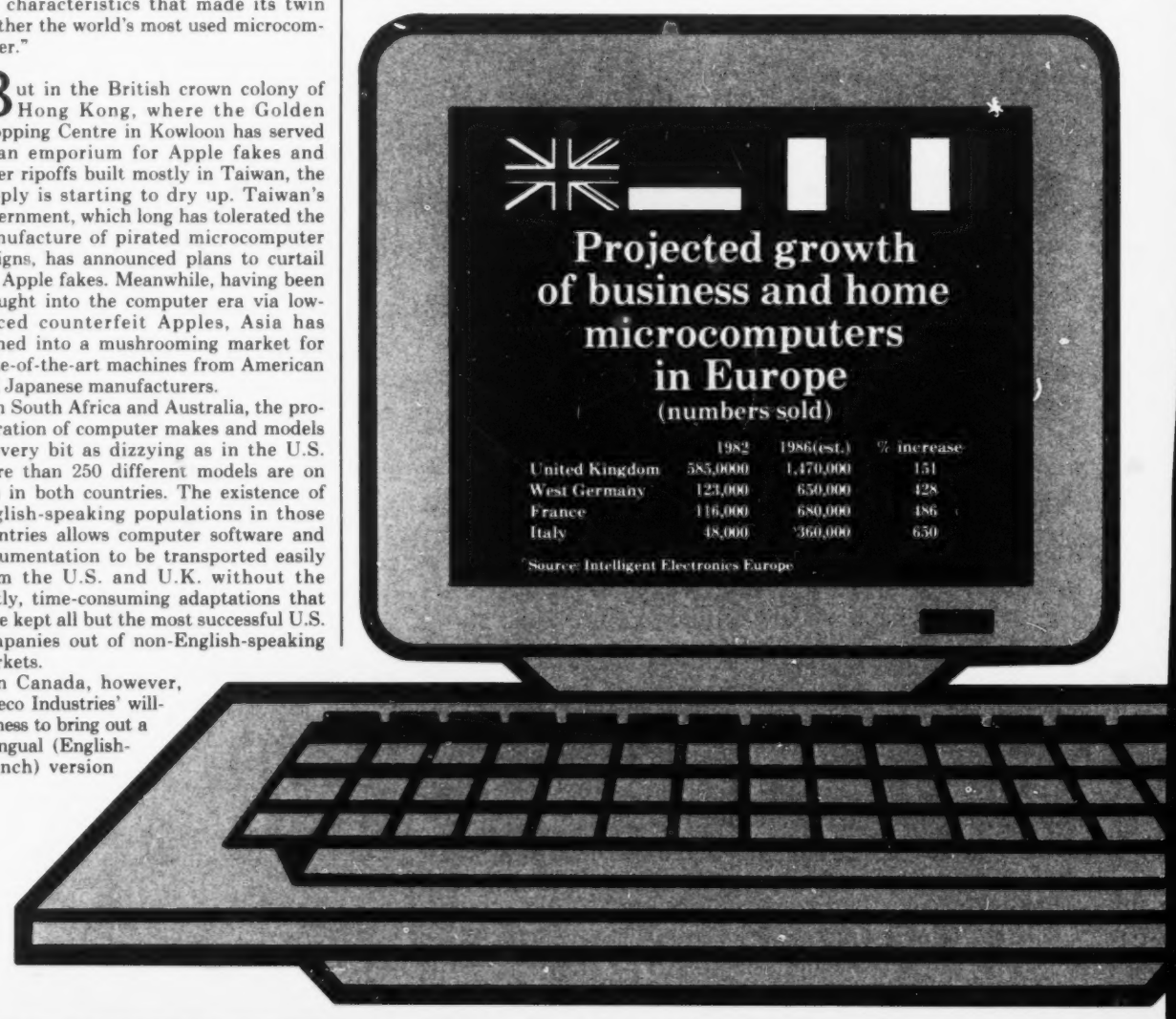
Breaking into foreign markets is not the same as increasing market share in the U.S. Requirements differ by country, and the manufacturer that uses the same techniques across the board is in for a big surprise. Physically, system requirements differ, and issues such as keyboard layout, multicharacter development, language command sequences, editing and directional issues with printers and terminals may change.

"Then there is the major issue of promotion," said Alex Stein, a former research analyst at Dataquest, a market research company in San Jose, Cal. "You've got to understand the needs of a particular area before you go in touting the benefits of your computer system. Many U.S. manufacturers are trying to penetrate Third World countries with business computers when those countries don't even use *typewriters* yet. You've got to do your homework before putting together a marketing plan for a foreign area."

One of the most common approaches to that issue is the formation of limited partnerships, such as Kaypro recently signed with Mitsui. The manufacturer finds a top-notch distribution organization in the targeted area and relies heavily on that organization's knowledge of market needs and buying trends.

"We need to get a lot more aggressive in our communications outside the U.S.," says Apple's director of promotion and advertising, Jean Richardson. "We will be doing much more advertising beginning this summer as we launch the Macintosh in Europe."

IBM won't be far behind, according to


Projected growth of business and home microcomputers in Europe
(numbers sold)
1982 1986(est.) % increase
United Kingdom 585,0000 1,470,000 151
West Germany 123,000 650,000 428
France 116,000 680,000 486
Italy 48,000 360,000 650
Source: Intelligent Electronics Europe

Daniel Burstein is a free lance writer and frequent contributor to Magazine. Another free lancer, Betsy Gilbert, also contributed to the article, as did the following ADVERTISING AGE *correspondents: Angela Chatburn, United Kingdom; Judith Matheson, Australia; Jack Burton, Japan; Phillip Hill, France; Dagmar Mussey, Germany; Tony Thompson, Canada; Laurel Wentz, Brazil, and Des Kilalea, South Africa.*

Flexibility in advertising is the password to success in the highly fragmented world marketplace, a mix of radically different countries that holds a few surprises.

Paine Webber computer stocks analyst Barbara Isgur. "IBM didn't bring its PC to Europe in a big way at first because of production constraints that kept it from fulfilling domestic U.S. demand," she says, crediting Commodore with a 40% market share in Europe, Apple 20% and IBM less than that. "This year, though, we're going to see IBM making a drive for European market share."

Indeed, IBM announced a dramatic and unexpected price cut in March of up to 30% on its personal computer in Europe, and it has begun rolling out its less-expensive PC*jr*, indicating that it is gearing up to be much more competitive in the price-sensitive European markets. IBM also has announced plans to increase its European retail outlets by 40% over the next year.

At Commodore, meanwhile, worldwide advertising is running at a $100 million annual pace, up from $60 million last year, according to Steven Greenberg, chairman of Anametrics, Commodore's U.S. advertising agency. Although pleased with the company's 125% domestic growth in dollar volume during the fourth quarter of 1983, compared with the like quarter in 1982, Mr. Greenberg illustrates the potential elsewhere by pointing out that over the same period, dollar volume was up 600% in Belgium, 700% in Italy, 420% in the Netherlands and 338% in Australia.

Non-U.S. manufacturers also are marketing more aggressively in Europe and around the world—even in the U.S. Nixdor, Germany's most successful manufacturer of small and medium-sized business computers, is raising a $125 million war chest to move more actively into the American market through the first public offering of its stock.

Acorn, a British entry that built a strong reputation through a tie-in with educational programs on the British Broadcasting Corp., is challenging Commodore, Apple and Atari on their home turf in the U.S with a computer priced at less than $1,000 and designed for the educational market. A $7 million advertising campaign launched last fall has started Acorn on its announced drive toward a 25% share of the U.S. public schools market.

Meanwhile, the U.K.'s Sinclair has unveiled a new model, the QL (Quantum Leap), designed to compete with the IBM PC and Apple's Macintosh at about a quarter of the price. "The QL could be the sleeper that comes out of the pack to have a profound effect on the European market," Paine Webber's Ms. Isgur says.

Not to be outdone, Applied Computer Technologies, maker of the Apricot, which already is selling well in the U.K. and the Far East, has announced its intention to buy the assets of Victor Technologies, a Silicon Valley maker of inexpensive computers that recently went into bankruptcy. ACT marketing director John Leftwich recently told the *New York Times*, "Our objective for the next three years is to be the No. 1 microcomputer company in Europe and in the top 20 worldwide."

Olivetti, the Italian office products giant, lately has shown new signs of wanting to flex its muscles in computers, which until now it has not done successfully outside of Italy. In late March, the company announced plans to sell two IBM-compatible units in Europe, with an entry into the U.S. forecast for late 1984. A $25 million promotional campaign will accompany the European effort, while in the U.S., American Telephone & Telegraph (which recently bought a 25% stake in Olivetti) may market the Olivetti machines as part of its strategy to gain a foothold in the U.S. personal computer marketplace.

AT&T is keeping a lot of options open. Since introducing a new line of computer products in April—several minicomputers and one sophisticated multiuser microcomputer—the company is rumored to have been in discussions with Santa Clara, Cal.-based Convergent Technologies on the development of a low-cost micro in the category of an Apple or IBM PC.

Japanese manufacturers continue to cast an enigmatic specter on the European computer scene, as they do in the U.S. Strong in their home market and elsewhere in Asia, Fujitsu, NEC and Sharp have yet to find their way into the West to any significant degree. Nor have the lower-end Japanese manufacturers met with much success, despite the agreement reached by 14 of them recently to standardize their design around the MSX operating system to promote the development of software that could be used on any of the machines.

"I don't believe U.S. manufacturers have to worry about being edged out of first place anytime soon," Dataquest's Mr. Stein says. "They've got a strong position in the market because they are able to offer the service and support foreign competitors can't. U.S. companies are more likely to make a strong impact on the European or Japanese markets than the other way around."

Yet experts agree the Japanese are coming. "They already have a share of Europe's low-end market," says Richard Imerschein, a computer analyst with the Gartner Group, who worked at IBM for 30 years. "Soon they will be ready to make a major move on the higher-end segment."

In another trend-setting move, Mitsui, one of Japan's giant trading companies, recently has decided to plunge into personal computer manufacture with a notebook-sized IBM-compatible portable unit. Rather than trying to crack the American market directly, Mitsui is negotiating a market agreement with Kaypro, a California-based manufacturer of personal computers. Other such joint ventures with European and American marketing partners appear imminent for other Japanese manufacturers.

Although advertising is regarded as a crucial function by every company trying to increase its share of international sales, there appears to be a consensus that it is less important outside the U.S. Price-consciousness and applications-orientation seem to be the rules abroad. Says Richard Beeman of Mayhoffer Stott, Commodore's agency in Australia, "The key to the whole thing is software; we've just produced a 72-page booklet of software available for our machine." The agency's $1 million ampaign for Commodore in Australia is designed to draw attention the extent of software available for the Commodore. It features the slogan, "Are you keeping up with the Commodore, because the Commodore is keeping up with you."

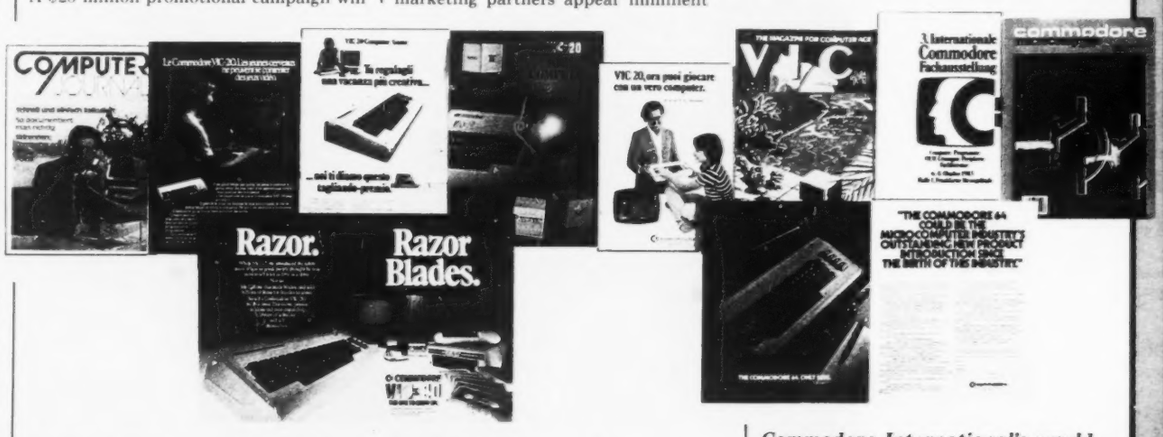
Apple's Ms. Richardson says that with so much less discretionary income outside the U.S. and lower ad budgets, advertising has to be focused carefully.

"In the U.S., we can do something eye-catching like we did with our '1984' ad on the Super Bowl, and then follow up in print. Outside the U.S., we can't use all those layers, so our advertising tends to be more straightforward." Even so, Ms. Richardson says BBDO, which handles Apple's foreign advertising, has used some of the life-style themes developed by Chiat/Day on the domestic side, helping to position Apple with a "younger, more adventurous, more entrepreneurial corporate image," than IBM.

IBM has used different versions internationally of the Charlie Chaplin "tool for modern times" campaign developed by Lord, Geller, Federico, Einstein in the U.S. "In those countries where the symbolism of Charlie Chaplin is useful, we are using that campaign," an IBM spokesman says.

But Mr. Greenberg says products, *not* advertising, will win the day abroad.

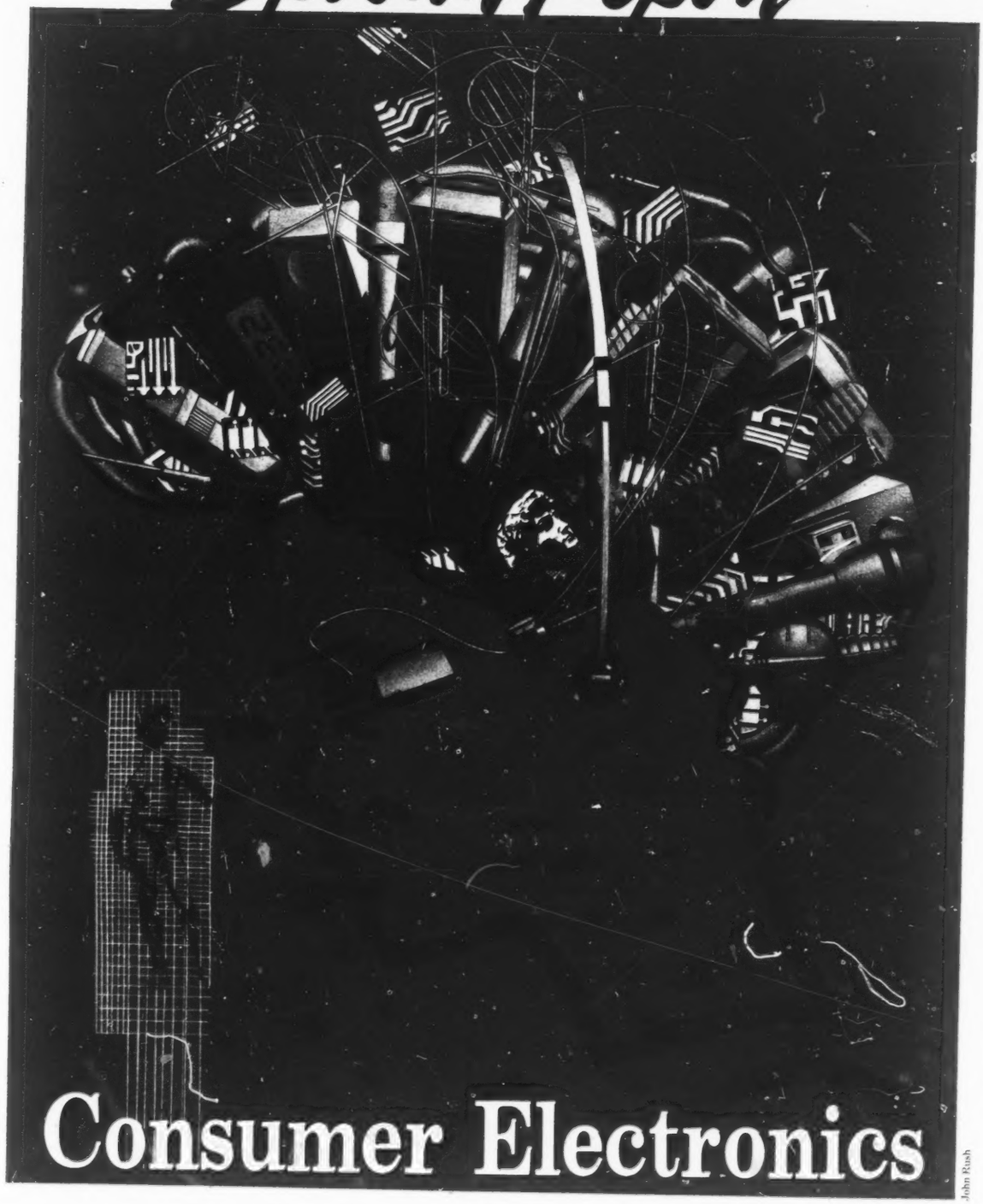
"The European market is much more serious than the U.S. If you attempt to fool the end-user with clever advertising, you won't succeed unless you have the product to match. Even then, the European audience wants hard information about price and functionality—not a lot of fluff."



Commodore International's worldwide advertising is running at a $100 million annual pace, up from $60 million in 1983, says Anametrics, Commodore's U.S. agency.

Apple Computer mainly uses straightforward advertising outside the U.S. because of lower ad budgets and other factors.

Special Report



Consumer Electronics

John Rush

New technologies grab for consumer attention

By Udayan Gupta

Euphoric is a good word to describe the consumer electronics industry these days. Total factory sales for 1983 for consumer electronics goods were a record $20.6 billion, up 28% from 1982, according to the Electronic Industries Assn. There is unprecedented consumer enthusiasm, and a rash of new products has given rise to a new bullish mood.

"The industry is in the midst of an unprecedented buying frenzy. The closest thing we've had to this before was the introduction of black-and-white television," says Bob Gerson, managing editor of *Television Digest.*

Videocassette recorders, videogames and home computers have combined with a panoply of delivery systems—cable tv, direct broadcast satellites, satellite master antenna tv and multipoint distribution systems—to create a new electronic order.

"What we're witnessing is beyond home video and consumer electronics," says Barbara Dalton Russell, vp-research at Prudential-Bache Securities, New York.

"What we are looking at can best be described as a home entertainment and information service business."

The old tv set has been transformed into the centerpiece of a network that includes vcrs, videodisc players and home computers. Today, tv sets not only play back old or current film or tv show favorites, they also form the stage for videogames and a screen for a variety of editorial and financial data.

Given the scenario, it is perhaps not surprising that color tv sets had record sales of an estimated 14 million to 15 million units in 1983. The sales revival is in a mature industry, one that has penetrated more than 90% of consumer households. Sales have been fueled by a healthy replacement demand that "comes about eight to ten years after the first big selling years of color tv. It's a nice floor to build on," Mr. Gerson says.

The various uses of the tv set have created a need for more than one set. Indeed, with videogames and personal computers proliferating, second sets—even third and fourth—are not uncommon. "No matter how many you have, you may just need one more," one analyst says.

Fueling all this is the price. Tv sets have undergone reductions in price, a result of improved manufacturing technology, economies of scale and competition.

Although prices of tv sets are low, manufacturers are entering the market with high-ticket component video tv systems where the various elements of the tv set are marketed separately. By marketing the various elements—receiver, speakers, monitors—separately, it is possible to get a higher quality for each unit, manufacturers say.

With units being designed by computer and containing a large proportion of microprocessing hardware, component video makes a lot of sense, Prudential-Bache's Ms. Russell says. "The redundancy one builds into the hardware doesn't make sense," she says. "If I'm going to use the tv set for videotex, I'd like to use the same chip with the personal computer."

The concept of component video—a dominant theme in the

(Continued on Page 16)

Udayan Gupta, a frequent contributor to Magazine, specializes in writing on new technologies.